

Message Text

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ACTION EA-14

INFO OCT-01 EUR-25 ISO-00 CIAE-00 DODE-00 PM-07 H-03

INR-11 L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03

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R 300305Z JUL 74

FM AMEMBASSY PHNOM PENH

TO SECSTATE WASHDC 7096

INFO AMEMBASSY BANGKOK

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AMEMBASSY SAIGON

C O N F I D E N T I A L PHNOM PENH 10018

((CORRECTED COPY SUBJECT LINE))

E.O. 11652: GDS

TAGS: EIND, PFOR, CB, FR

SUBJECT: GRUNK NATIONALIZATION OF FRENCH PLANTATIONS

REF: PHNOM PENH 9792

1. PROMINENT FRENCH RUBBER PLANTER ANTOINE BATTESTI HAS SENT ME A COPY OF A JULY 24 FUNK LETTER ADDRESSED TO PLANTERS WHICH OFFERS TO OPEN NEGOTIATIONS FOR CONTINUED SALES OF LATEX TO FRENCH INTERESTS IN PHNOM PENH. THE LETTER OPENS BY STATING THAT CONDITIONS OF SALE AGREED ON BEFORE THE JULY 20 NATIONALIZATION OF ALL RUBBER PLANTATIONS IN THEIR ZONE ARE VOID, ASKS FOR RENEGOTIATION OF THE PRICE OF THE LAST LATEX DELIVERY BEFORE THE NATIONALIZATION AND NOTES THAT RUBBER BARGES AND THE PLANTATIONS' COURIER FLIGHT WILL BE FORBIDDEN TO ENTER THEIR ZONE AFTER THE MATTER OF THE LAST LATEX DELIVERY IS SETTLED. THE LETTER REOPENS THE DOOR, IN CONCLUSION, HOWEVER, BY DEMANDING AN IMMEDIATE REPLY IF THE "EX" PLANTATION DIRECTORS WISH TO OPEN NEGOTIATIONS FOR CON-
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TINUED PURCHASE OF LATEX.

2. REPRESENTATIVES OF THE THREE MAJOR RUBBER PLANTERS:
COMPAGNIE DU CAMBODGE, SOCIETE DES PLANTATIONS REUNIES
DE MIMOT AND SOCIETE DES PLANTATIONS DES KRATIE WROTE
BACK JULY 27 CONFIRMING THAT THEY WISH TO CONTINUE TO
BUY THE LATEX PRODUCTION. ACCORDING TO BATTESTI'S
COVERING NOTE TO ME, THE FRENCH INTERESTS ARE NOW
AWAITING A RESPONSE PROPOSING NEW CONDITIONS OF SALE.

3. IN THE MEANTIME, GKR MINISTER OF FINANCE KHY TAING
LIM MET WITH JEAN REMY, PRESIDENT DE L'ASSOCIATION DES
PLANTATIONS DE CAOUTCHOUC AU CAMBODGE AND, ACCORDING TO
MINISTRY OF INFORMATION BULLETIN AKP, "CONFIRMED THAT
THE GKR POSITION TOWARD FOREIGN PLANTATIONS AND OTHER
FOREIGN ENTERPRISES IS UNCHANGED."

4. COMMENT. POLITICAL MOTIVES FOR THE NATIONALIZATION
ASIDE, FUNK IS CLEARLY USING THE MOVE TO JACK-UP LATEX
PRICES. THEIR LETTER SEEKS TO GIVE THE IMPRESSION THAT
THEY REALLY DO HAVE OTHER BUYERS AND MEANS OF SHIPPING
THE RUBBER OUT OF CAMBODIA. HOW FAR THE FRENCH PLANTERS
WILL GO TOWARD CALLING THIS BLUFF REMAINS TO BE SEEN.

5. THE GKR HAS LOST NO TIME REASSURING FRENCH (AND INTER-
NATIONAL) BUSINESS THAT IT WILL NOT CHANGE ITS INVEST-
MENT POLICY AND DOUBTLESS HOPES TO INFLUENCE THE GOF
WITH THIS DISPLAY OF RESPONSIBLE BEHAVIOR TOWARD
FRENCH INVESTIMET.
DEAN

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